

# Leading Issues for Pension Plans in Canada

2026 SFL Pension and Benefits Conference

Regina, Saskatchewan  
Thursday, March 19, 2026

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# Outline

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**Managing and  
maintaining  
funding  
surpluses**

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**New and  
proliferating  
sources of  
investment risk**

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**Plan  
governance:  
revisiting the  
fundamentals**

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**The future of  
public pensions**

# Good news! No quiz at the end



Staff working paper / Document de travail du personnel—2026-5

Last updated: March 4, 2026

## I Am So Tired! I Don't Know What to Do! Survey Fatigue and Financial Literacy: Results from a Randomized Experiment

### Abstract

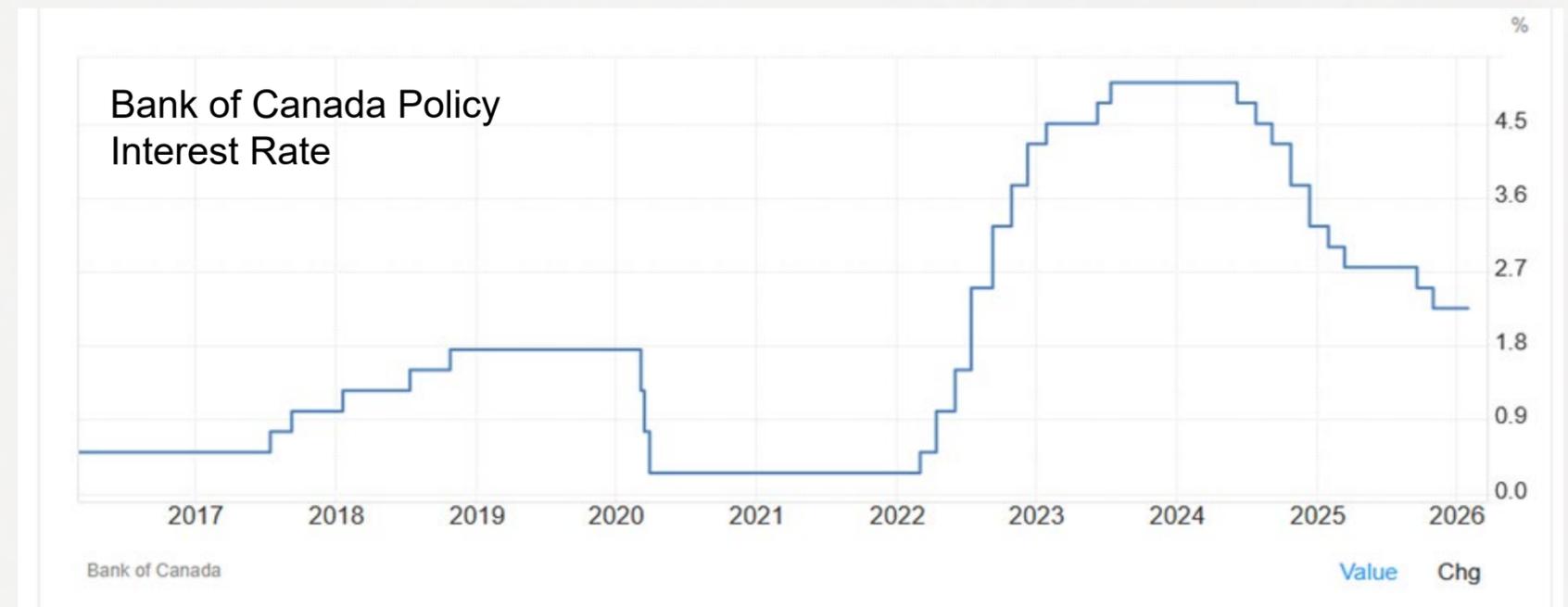
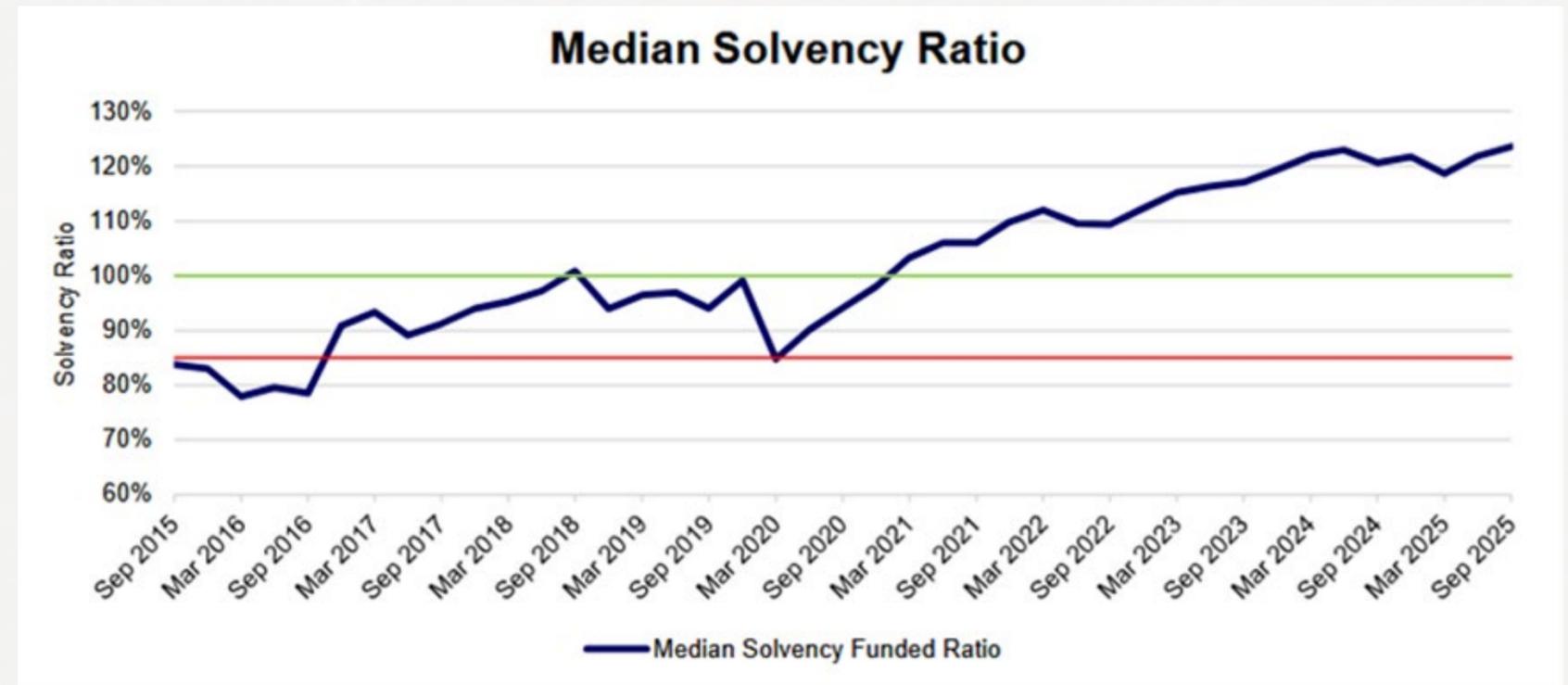
Cross-country evidence finds that there are low levels of financial literacy. Financial literacy is often measured using the “Big Three” questions about interest rates, inflation, and risk. These questions are usually part of a longer survey. Respondents in long surveys may suffer survey fatigue and have lower quality responses. Therefore, the placement of the questions (and survey fatigue) may play a role in the results. We use a randomization of question placement to estimate the causal effect on financial literacy results. We find that **when financial literacy questions are placed at the end of a survey, respondents are more likely to answer “Don’t know.”** The increase in “Don’t know” responses comes largely at the expense of correct responses. We find that this leads to a drop in financial literacy by 5%-15%. This research suggests a measure of financial literacy that is adapted to account for survey length.

# — Managing and maintaining funding surpluses

# Funding surpluses

Improved funded status for most pension plans due to:

- Sharply higher interest rates in 2022 -2024 – long -bond yields remain elevated
- Legacy of contribution increases, benefit -level reductions, move to contingent benefits, etc.



# Strong investment returns

## Equity markets posted strong returns

- TSX Composite index: 31.7% in 2025 (21.6% in 2024)
- MSCI World index: 15.4% in 2025 (29.4% in 2024)
- Private equity a detractor

## Canadian pensions rode commodity boom and emerging markets surged to outpace global indices in 2025



January 30, 2026

**TORONTO, Jan. 30, 2026** — RBC Investor Services (RBCIS) reported mixed performance for Canadian Defined Benefit pension plans under its administration in 2025: median returns were 0.6% for Q4 2025 and 7.9% for the full year. This followed a stronger year in 2024, where the median return was 1.6% for Q4 and 11.3% on an annual basis.

# Strong investment returns

## 1-Year Net Investment Return, Various Plans

	2020	2021	2022	2023	2024	2025
<b>Colleges of Applied Arts and Technology Pension Plan (CAAT)</b>	11.1%	15.8%	-2.3%	9.5%	15.2%	N/A
<b>Healthcare of Ontario Pension Plan (HOOPP)</b>	11.4%	11.3%	-8.6%	9.4%	9.7%	7.7%
<b>Nova Scotia Health Employees' Pension Plan (NSHEPP)</b>	12.6%	4.7%	-9.5%	7.9%	12.4%	8.9%
<b>Ontario Municipal Employees' Retirement System Pension Plan (OMERS)</b>	-2.7%	15.7%	4.2%	4.6%	8.3%	6.0%
<b>Ontario Teachers' Pension Plan (OTPP)</b>	8.6%	11.1%	4.0%	1.9%	9.4%	6.7%
<b>OPSEU Pension Plan Trust Fund (OPTrust)</b>	8.9%	15.3%	-2.2%	5.3%	9.6%	4.2%
<b>Toronto Transit Commission Pension Plan (TTCPP)</b>	10.9%	8.9%	-6.9%	9.0%	12.7%	N/A

# Managing and maintaining funding surpluses

**New disputes over funding surpluses**

- Contribution holidays
- Benefit improvements (sometimes contingent on investment performance or funded status)
- Further derisking (increased margins, more conservative actuarial assumptions, asset/liability transfers)
- Funding early retirement incentives (e.g. federal Public Service Pension Plan)

# Managing and maintaining funding surpluses

## Considerations when implementing benefit improvements

- Funded status (going -concern and solvency basis)
- Current and projected contribution sufficiency (required contributions vs. actuarial current service cost)
- Plan maturity (ratio of active to inactive liabilities)
  - Expected demographic experience
- Funding margins (explicit provisions for adverse deviation and implicit margins)
  - Actuarial assumptions
- Impact on short - and long -term contribution volatility and benefit security

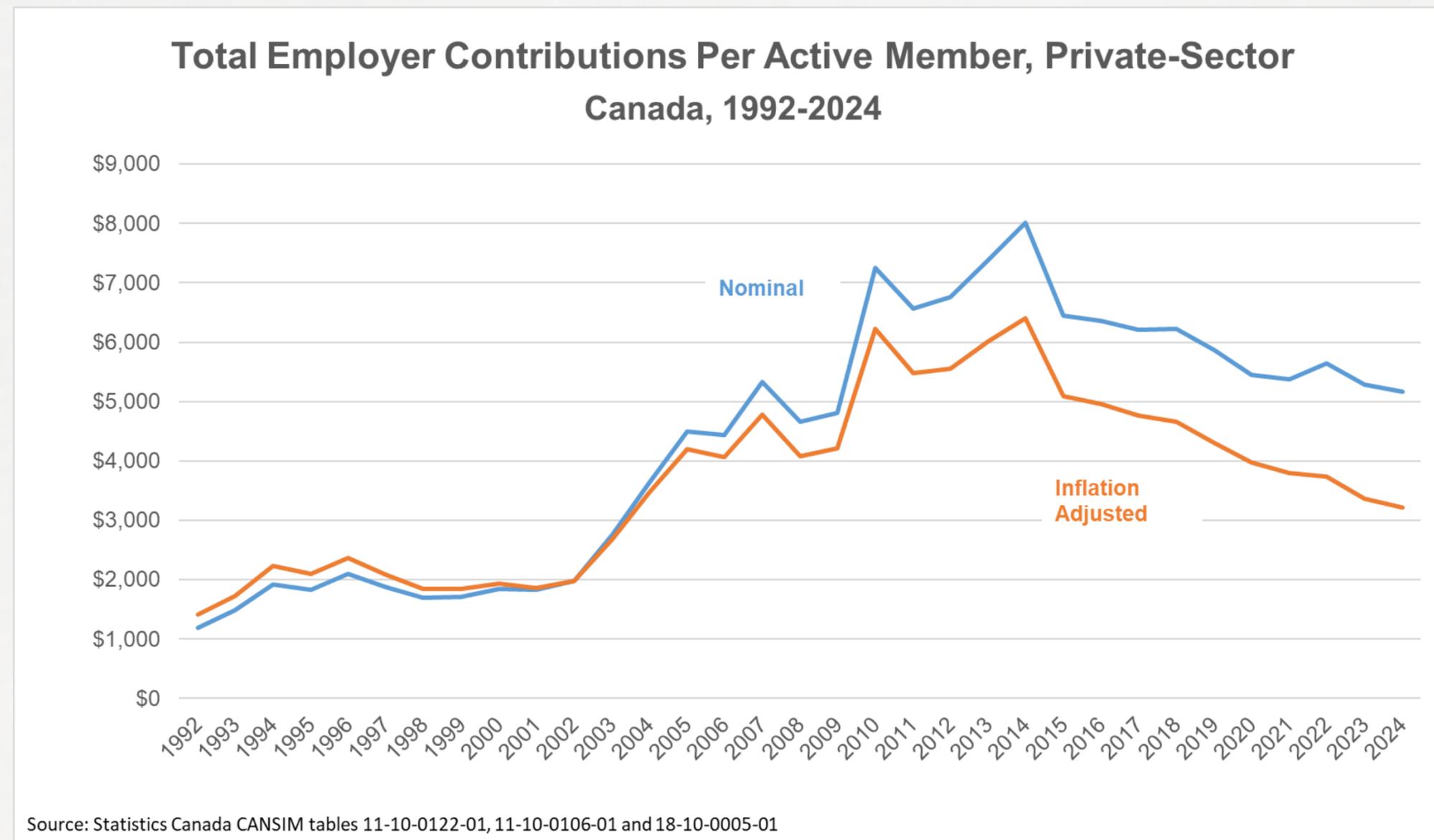
# Managing and maintaining funding surpluses

## Options for implementing benefit improvements

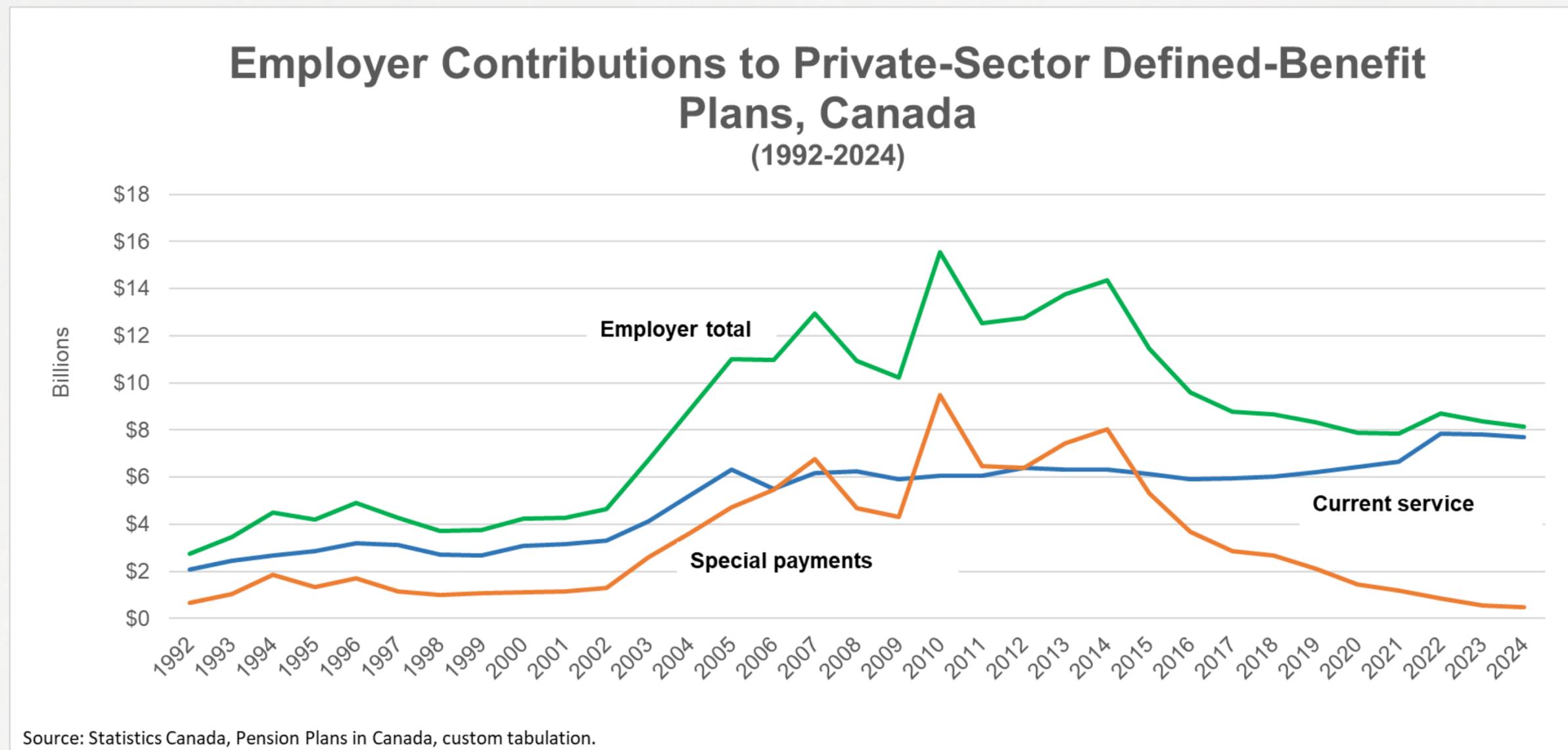
- Restore past benefit reductions
- Increase accruals for active members
- Increase past service benefits
- Improve early retirement benefits
- Plan design improvements
- Reduce required contributions
- Reduce risk by increasing margins (explicit vs. implicit)
- Reduce investment risk
- Leave surpluses in plan as a contingency (where possible)

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What does recent experience mean for the  
cost of paying pensions?

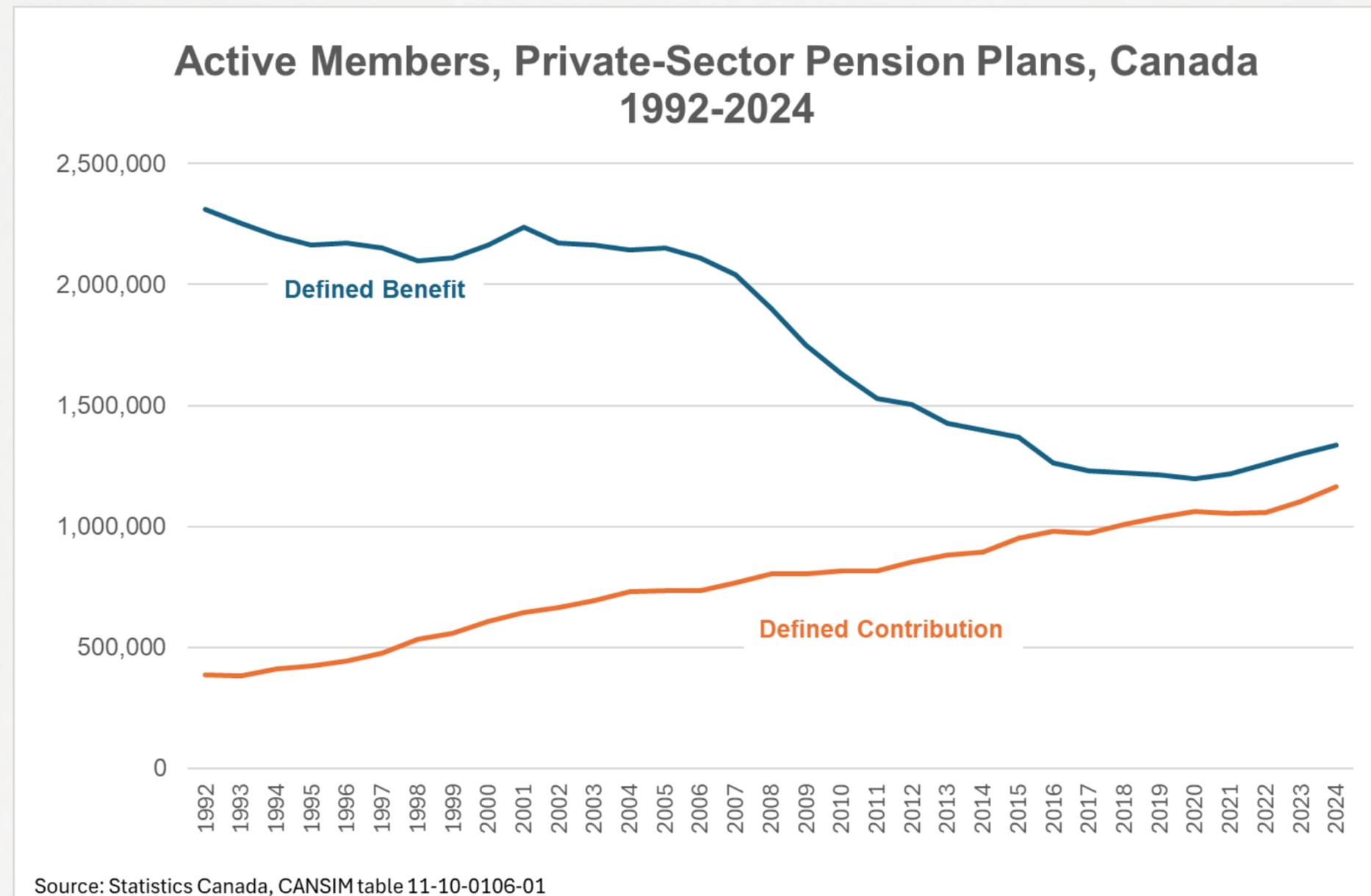
# Are pension benefits for most workers likely to be cheaper in future?



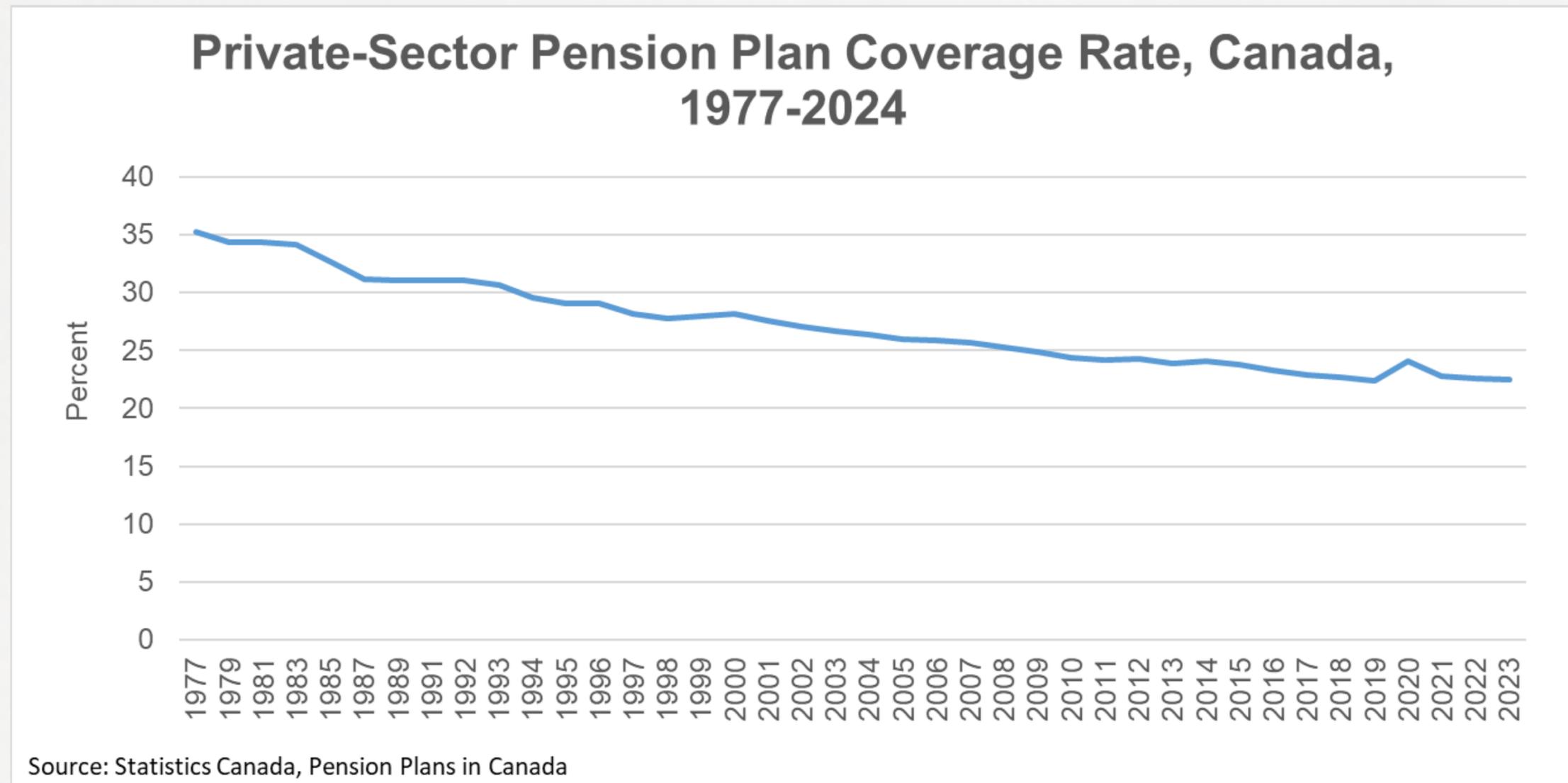
# Are pension benefits for most workers likely to be cheaper in future?



# Are pension benefits for most workers likely to be cheaper in future?



# What might this mean for falling private -sector pension coverage?



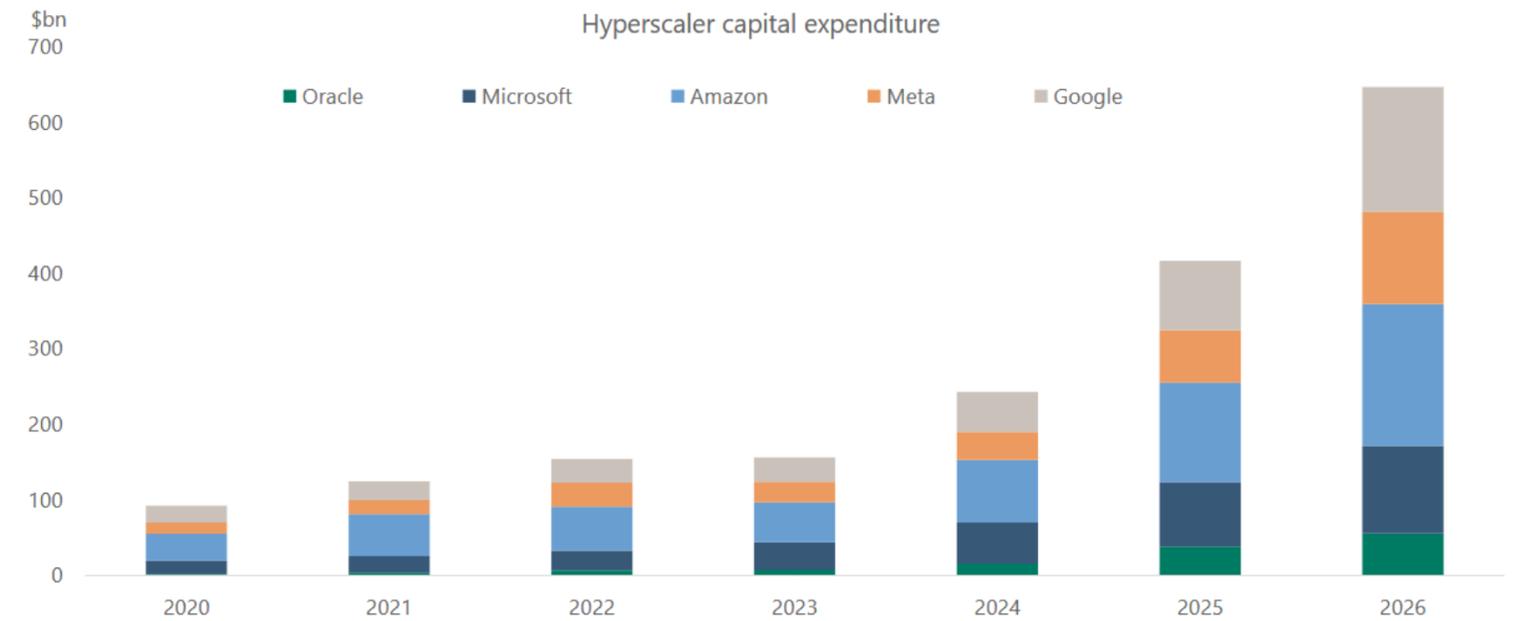
# — New and proliferating sources of investment risk

# US economy flying with a single economic engine?

SFL PENSION CONFERENCE

APOLLO

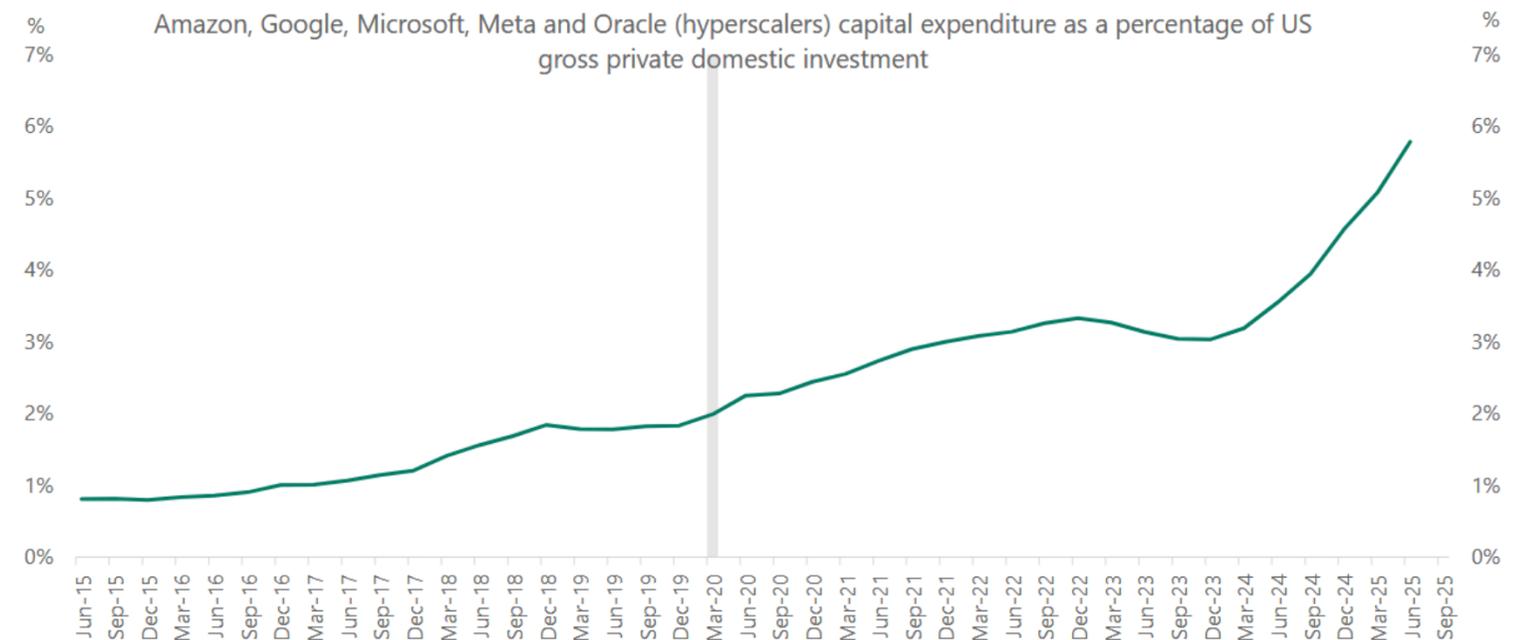
Hyperscaler capital expenditures expected to be \$646bn in 2026



Source: FactSet, Apollo Chief Economist

APOLLO

Hyperscalers' capex as a share of US private domestic investment has doubled since 2023



Source: Bloomberg, Apollo Chief Economist

# New political and systemic risks



FT Alphaville US financial regulation [+ Add to myFT](#)

## The giant void of nothingness where US financial regulation used to sit

'There has never been a better time to be a crook'

# Expanding access to private markets

**THE GLOBE AND MAIL** 

## Should retail investors really get access to private markets?

EDWARD WAITZER AND RACHEL WASSERMAN

SPECIAL TO THE GLOBE AND MAIL

PUBLISHED MARCH 11, 2026

Private equity 

## Trump administration takes next step to open US retirement pots to investing in private equity

Labour department rescinds Biden-era guidance that curtailed PE investment in 401K funds

# Expanding access to cryptocurrencies

## Trump opens US retirement plans to crypto and private equity investments

Move is expected to fuel growth of alternative asset industry but will expose Americans' 401k funds to higher risks



The executive order is part of a broad deregulatory push under the Trump administration © AP

**Antoine Gara, Jamie John and Eric Platt** in New York and **James Politi** in Washington

Published AUG 7 2025 | Updated AUG 7 2025, 17:33

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Seriously, what could possibly go wrong?

# Plan governance: revisiting the fundamentals

# Plan governance

Revisiting the fundamentals



## The Evolution of the Canadian Pension Model

Practical Lessons for Building World-class Pension Organizations



## 2025 OMERS governance review



**Minister's Order**  
Ordering the wind-up of the OMERS Sponsors Corporation  
Made under section 21.1 of  
the *Ontario Municipal Employees Retirement System Act, 2006*

## THE GLOBE AND MAIL

# CEO's payout, workplace relationship spur upheaval at Ontario pension plan

JAMES BRADSHAW > INSTITUTIONAL INVESTING REPORTER  
PUBLISHED FEBRUARY 3, 2026



# Plan governance

## Revisiting the fundamentals



### Guideline No. 4: Pension Plan Governance Guideline

#### **Principle 9: Transparency and accountability**

- The plan administrator should establish and document a communication process with the aim to be transparent and accountable to plan members, beneficiaries and other stakeholders.

#### **Principle 10: Code of conduct and conflict of interest**

- The plan administrator should establish and document a code of conduct, incorporating a policy to manage conflicts of interest.

#### **Principle 11: Governance review**

- The plan administrator should establish and document a process for the regular review of the pension plan's governance framework and processes.

# — The future of public pensions

# — Pressure to convert Old Age Security to an income-tested benefit

## Millennials pay higher taxes for boomers' retirement - and the burden is only going to increase



**PAUL KERSHAW** >

SPECIAL TO THE GLOBE AND MAIL

PUBLISHED NOVEMBER 9, 2024

FOR SUBSCRIBERS

OPINION

## Canada needs to rein in spending. How about we stop handing out billions to wealthy seniors?



**ROBYN URBACK** >

PUBLISHED OCTOBER 23, 2025

UPDATED OCTOBER 24, 2025

# Pressure on OAS

Total life -course perspective needed

Early childhood, schooling, child -rearing, paid work, and retirement.

Taxes, especially those paid during working ages, are payments for publicly -provided health care and pensions at later ages.

# Pressure on OAS

“To portray America as riven by generational warfare, young against old, is therefore an exaggeration. Worse, it obscures a deeper divide, of class rather than age. . . . The big problem of the American welfare state is not that the old get too much, but that the rich do.”

- *The Economist* , 11 January 1997, quoted in Wolfson and van Katwyk (2026)

# Changing the Canada Pension Plan to promote delayed take-up of retirement benefits



**National Institute on Ageing**  
Toronto Metropolitan University  
350 Victoria St. Toronto, ON, M5B 2K3

January 14, 2026

**To:**

**The Hon. Patty Hajdu**  
Minister of Jobs and Families  
House of Commons  
111 Wellington St  
Ottawa, ON, K1A 0A6

**The Hon. François-Philippe Champagne**  
Minister of Finance and National Revenue  
Department of Finance Canada,  
90 Elgin St  
Ottawa, ON, K1A 0G5

Dear Ministers Hajdu and Champagne,

We write to express our strong support for the implementation of a Pension Delay Guarantee (PDG) under the Canada Pension Plan (CPP). This policy offers a simple, fair, and cost-effective solution to help Canadians make better decisions about when to claim their CPP retirement benefits—improving financial security in later life and modernizing our national retirement financial system.

This is particularly important now, as Canada’s baby boomers are already entering retirement. Without reform, socio-economic changes over the past generation will continue to leave many older Canadians facing greater financial insecurity.

Currently, most Canadians claim CPP by age 65—even though deferring could substantially increase their lifelong retirement income. For those who can afford to delay, the main barrier is the fear of “missing out” if they die early, a well-documented behavioural challenge known as loss aversion.

# Key takeaways

- Pension plans have come through the fire, changed
- Plans are managing surpluses on the basis of strengthened fundamentals
  - How will the cost and risk of retirement pensions be shared in future?
- Healthy plan growth, competition and innovation underway
- A new world of investment risk and uncertainty
- Fundamentals apply more than ever

# Thank You

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